HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2003

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2003 and the statements of revenues, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 27, 2003

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2003	2002
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 180,836	$ 178,742
Accounts receivable	44,287	45,704
Accrued interest receivable	1,261	1,021
	$ 226,384	$ 225,467
Liabilities:		
Accounts payable	$ 3,774	$ ---
Net financial assets (Statement 2)	$ 222,610	$ 225,467

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF REVENUES, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2003 (Note 7)	Actual 2003	Actual 2002
Revenues			
Deductions	$ 252,500	$ 111,006	$ 133,272
Less: commissions	2,500	1,888	2,297
Net deductions	250,000	109,118	130,975
Cattle sales (Note 6)	160,000	266,607	257,460
Interest revenue (Note 3)	6,000	4,531	6,562
Total revenue	416,000	380,256	394,997
Expenditures			
Grants	160,000	92,390	75,000
Western Beef Development Centre (Note 6)	160,000	266,607	257,460
Administration (Note 9)	15,100	15,000	15,000
Cattle purchases	---	---	55,000
Advisory committee honoraria and travel	2,500	4,388	5,099
Other	---	4,728	---
Total expenditures	337,600	383,113	407,559
Surplus (deficit) for the year	$ 78,400	(2,857)	(12,562)
Net financial assets, beginning of year		225,467	238,029
Net financial assets, end of year (Statement 1)		$ 222,610	$ 225,467

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2003	2002
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 112,423	$ 133,056
Receipts from cattle sales	263,892	257,460
Interest and other receipts	4,291	8,258
Payments to suppliers and Advisory committee	(286,122)	(332,734)
Grant payments	(92,390)	(75,000)
Cash flows from (used in) operating activities	2,094	(8,960)
Net increase (decrease) in cash and cash equivalents	2,094	(8,960)
Due from General Revenue Fund, beginning of year	178,742	187,702
Due from General Revenue Fund, end of year	$ 180,836	$ 178,742

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Legislative Authority

The Horned Cattle Fund continues under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture, Food and Rural Revitalization.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers to pay the producers' market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers to remit the $2.00 deducted for each head of cattle less a $0.03 per head dealer commission to the Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Cattle

Cattle are sold on a regular basis from the cattle herd at the Western Beef Development Centre. The revenue is recognized when the cattle are sold.

Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle purchases are recorded as expenditures when cattle are purchased.

3. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2003 is 2.62% (2002 - 3.41%).

4. Commitments

At year-end, the Fund's Advisory Committee approved grants totalling $105,908 (2002 - $88,890) for 2004 projects. Included in this amount is $92,908 committed to the University of Saskatchewan.

5. Swift Current Project

The Swift Current Project was established under a 1998 agreement with Agriculture Canada. The project will end on October 31, 2003. Under the agreement, Agriculture Canada carries out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Research Station (Station). The Station uses proceeds from the sale of cattle to pay for feed and care of the cattle that it uses in its research. Upon termination of the agreement, the Station will pay $30,000 to the Fund and the remaining assets will revert to Agriculture Canada. Included in the Fund's accounts receivable is $30,000 receivable from the Station.

All activities related to the cattle are those of the Station and are not shown in these financial statements.

6. Western Beef Development Centre

The Minister of Agriculture, Food and Rural Revitalization entered into an agreement with the Western Beef Development Centre (WBDC) on November 1, 2001. This agreement expires on November 30, 2006. At the conclusion of the agreement, all funds remaining in a specified account and a minimum of 300 head of cattle are to be returned to the Fund.

The agreement provides for the Fund to loan cattle to WBDC for research purposes. The estimated realizable value of the cattle herd at WBDC at year-end is $331,427 (2002 - $338,009). During the year, the Fund provided money, from its cattle sales, to WBDC to pay for the following research costs:

	Western Beef Development Centre	
	2003	2002
Feed supplements	$ 57,127	$ 56,420
Salaries	55,580	101,680
Tillage, seeding and manure removal	31,463	26,490
Cattle purchases	30,886	400
Depreciation	30,811	19,122
Equipment and building repairs	21,915	9,950
Utilities, licenses and insurance	12,677	10,390
Miscellaneous	8,704	3,208
Municipal taxes	5,902	6,400
Veterinary services and supplies	5,492	11,230
Fuel	4,391	5,060
Trucking and travel	1,659	7,110
	$ 266,607	$ 257,460

7. 2003 Budget

The Advisory Committee approved the 2003 budget on January 24, 2002.

8. Financial Instruments

Accounts receivable, accrued interest and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is exposed to credit risk from the potential non-payment of accounts receivable. However, most of the receivables were collected shortly after year-end.

9. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund made grants totalling $61,890 (2002 - $37,500) to the University of Saskatchewan.

Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of $15,000 (2002 - $15,000).

HORNED CATTLE FUND
DETAILED LIST OF EXPENDITURES (UNAUDITED)
For the Year Ended March 31

	2003	2002
Personal Services:		
Board member costs	$ 1,345	$ 2,005
Travel:		
Other	2,196	3,049
Grants:		
University of Saskatchewan:		
Project Funding	24,390	----
Veterinary Infectious Disease Organization	37,500	37,500
Canada Beef Export Federation	----	25,000
Farm Animal Council of Saskatchewan	7,500	7,500
Saskatchewan Society for Prevention of Cruelty to Animals	15,000	----
Saskatchewan Agriculture Hall of Fame	500	----
Canadian Western Agribition	7,500	5,000
	92,390	75,000
Supplier Payments:		
Western Beef Development Centre	266,607	312,460
Payees under $20,000	20,575	15,045
	287,182	327,505
	$ 383,113	$ 407,559